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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 002174

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TAGS: [PREL](#) [PINR](#) [EPET](#) [ECON](#) [CH](#) [RP](#)

SUBJECT: MORE ON HU JINTAO'S VISIT TO THE PHILIPPINES

REF: A. STATE 81733

[1](#)B. MANILA 1987

[1](#)C. MANILA 1257

Classified By: (U) Political Officer Paul O'Friel  
for reasons 1.4(b) and (d).

[1](#)1. (C) SUMMARY. According to the Department of Foreign Affairs, PRC President Hu Jintao's state visit was a "normal" component of Beijing's outreach to the region. Visits by the PRC Vice Minister of Defense and Chief of Staff of the People's Liberation Army are on the agenda as part of the warming ties between the two countries. Cooperation on seismic exploration in the South China Sea continues. Foreign Secretary Romulo's meetings in Washington May 16-17 will offer a timely opportunity for further discussion of Philippine perceptions of China's evolving role in the region. END SUMMARY.

#### NORMALIZING PERCEPTIONS OF CHINA

[1](#)2. (C) According to Department of Foreign Affairs (DFA) China Director Maria Theresa Almojuela, the GRP was "extremely satisfied" with the results of the April 26-28 state visit of Chinese President Hu Jintao, which had done much to "normalize" popular Filipino perceptions of China. The business-suit clad Hu, she observed, had a "reassuring" appearance, and did not fit the "stereotypical" view Filipinos still had of the mainland Chinese. "He reassured people that China is not a threat," she claimed.

[1](#)3. (C) Without prompting, Almojuela assured poloff that the Philippines had no intention of playing a "China card" in its relations with either the United States or Japan. The warming ties with China were a "natural and normal" part of Beijing's outreach to the region, and meshed closely with the GRP's own broad development agenda. Pointing to China's decision to open a consulate in the northern Luzon town of Laoag, Almojuela noted that efforts to develop trade links between that region and China had been underway since 2001. A Hong Kong-based conglomerate had made a major investment in a hotel and casino, and regular (charter) flights connected Laoag with six cities on the mainland. Almojuela expressed doubt that the warming economic and trade ties with the PRC would impact sizable Taiwanese investment in the Philippines, since Taiwanese investments were "profit driven," independent of political considerations.

#### NEXT STEPS

[1](#)4. (C) Part of Manila's warming relations with the PRC will include upcoming visits by the PRC Vice Minister of Defense as well as the Chief of Staff of the People's Liberation Army, Almojuela said. She declined to provide further details on the trips, beyond clarifying that the Vice Defense Minister would visit "sometime this summer."

[1](#)5. (SBU) Cooperation on the tripartite (China-the Philippines-Vietnam) seismic exploration was still underway, Almojuela confirmed. She noted the Chinese National Offshore Oil Company had agreed to discuss with the Philippine National Oil Company the exploration of a petroleum block in the Calamian Area in Philippine national waters northwest of Palawan Island. Almojuela speculated that international energy giant Shell, which operates the Malampaya natural gas facility, might have a role in developing the Calamian block.

#### COMMENT

[1](#)6. (C) As noted in ref C, President Hu's charm offensive in Manila does not appear significantly different from that in other ASEAN capitals. Better and broader bilateral ties advance regional interests, as other ASEAN members have also discovered. However, the conservative Philippine defense establishment -- whose doctrine, equipment, and training are all US-based -- will be cautious so as not to jeopardize its close relationship with the United States military, especially as it undertakes (with US help) fundamental restructuring and continues to combat multiple terrorist

threats. Foreign Secretary Romulo's upcoming visit to Washington offers a timely opportunity further to discuss the evolving PRC role in Asia and Philippine perceptions of long-term Chinese goals.

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